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New Caledonia

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I. General

1. New Caledonia¹ is located in the Pacific Ocean, about 1,500 kilometres east of Australia and 1,700 kilometres north of New Zealand. It comprises one large island, known as Grande Terre, and smaller islands known as the Loyalty Islands (Ouvéa, Maré, Lifou and Tiga), the B  lap Archipelago, the Isle of Pines and Huon Islands. There are also several uninhabited islands to the north of the Loyalty Islands. The area of Grande Terre is 16,750 square kilometres, and that of the Territory is 19,103 square kilometres. Noum  a, the capital, is located in the south of Grande Terre. The Territory is divided into three provinces, South and North (on Grande Terre) and the Loyalty Islands.

2. According to the 1996 census, the population was 196,836, comprising indigenous Melanesians known as Kanaks (42.5 per cent); persons of European origin, mainly French (37.1 per cent); Wallisians (8.4 per cent); Polynesians (3.8 per cent); and others, mainly Indonesians and Vietnamese (8.2 per cent). The census also showed almost half the population to be under 25 years of age. In January 2002, the Statistics Office estimated the population to be 215,904 and projected that by 2025 the figure would rise to 332,000.² The majority of the population (68 per cent) lives in the South Province, mainly around the greater Noum  a area, while 21 per cent live in the North Province and only 10.6 per cent in the Loyalty Islands. In 1996, the native Kanak population made up 77.9 per cent of the population of the North Province and 97.1 per cent of the population of the Islands, but only 25.5 per cent of the population of the South Province. With respect to the Territory's second-largest population group, persons of European origin, 89 per cent live in the South Province. The official language is French and about 28 Melanesian-Polynesian dialects are spoken.

3. The political and administrative structures of New Caledonia have been fundamentally altered by the Noum  a Accord (A/AC.109/2114, annex), signed in May 1998 between the Government of France, the pro-independence Front de lib  ration nationale kanak socialiste (FLNKS) and the integrationist Rassemblement pour la Cal  donie dans la R  publique (RPCR). Under the terms of the Accord, the New Caledonian parties opted for a negotiated solution and progressive autonomy from France rather than an immediate referendum on political status. The transfer of powers from France began in 2000 and is to end in 15 to 20 years, when the Territory will opt for either full independence or a form of associated statehood. The political and legislative process that is under way and the new institutional arrangements in place in New Caledonia are described in section II below. The characteristics of New Caledonia's economy and employment, as well as current efforts to implement a policy of redressing economic and social imbalances between the more prosperous South Province and the less developed North Province and Loyalty Islands, are described in section III.

II. Political situation

A. Background

4. The Noum  a Accord provided for a number of steps towards a negotiated consensual solution for the future of the Territory. As stated in the preamble to the

agreement, that solution would define the political organization of New Caledonia and the arrangements for its emancipation over the next 20 years. Among the steps to be taken were constitutional amendments, the creation of new institutions, the full recognition of Kanak identity and rights, the establishment of parameters for the electorate and the gradual transfer of powers from the French State to the New Caledonian authorities.

5. On 6 July 1998, the French Parliament passed, by 827 votes to 31 a constitutional reform that inserted two articles, 76 and 77, into its constitution. Article 76 provided that the people of New Caledonia would be called upon before 31 December 1998 to express their views on the provisions of the Nouméa Accord. Article 77 provided that, following approval of the Accord, a constitution would be submitted to a vote in Parliament in order to enable New Caledonia to move forward on the basis of the Accord.

6. Prior to the referendum, the two major parties of New Caledonia, FLNKS and RPCR, had both campaigned for approval of the Accord among their respective constituents. The Accord was ratified by New Caledonians in a referendum held on 8 November 1998. With 74 per cent of the electorate voting, 72 per cent voted in favour of the Accord.

7. Following the referendum, the Nouméa Accord provided for the renewal of relations between France and New Caledonia to be translated into a draft organic law and an ordinary law, which were presented in the French Parliament and ratified on 19 March 1999. The Organic Law codified constitutional matters, namely, the powers that would be transferred to the newly created institutions in New Caledonia, the organization of those institutions, rules concerning New Caledonian citizenship and the electoral regime, conditions and deadlines by which New Caledonians would determine their accession to full sovereignty. The Ordinary Law dealt with other matters mainly economic and social, covered in the Nouméa Accord.

8. The issue of eligibility to vote in future elections in New Caledonia also required legislative action during 1999 (see A/AC.109/2000/4, para. 22). Still pending is the scheduling of a special session of the French Congress (a joint sitting of the National Assembly and the Senate) to ratify a constitutional amendment establishing that only those persons who have resided in the Territory for a specified number of years should be eligible to vote in a future referendum on self-determination. In this respect, in July 2002, the United Nations Human Rights Committee rejected a claim lodged by an association of voters in New Caledonia alleging that their exclusion from the voter registry for a future referendum was discriminatory and that the cut-off dates for voters were excessive. The Committee ruled that this was not a violation of the International Covenant on Civil and Political Rights because the cut-off dates set for referendums from 2014 onwards were not excessive "inasmuch as they are in keeping with the nature and purpose of these ballots, namely a self-determination process involving the participation of persons able to prove sufficiently strong ties to the territory whose future is being decided".³

B. The new governmental structure

9. New Caledonia continues to vote in French presidential elections and to elect one member of the French Senate and two members of the French National

Assembly. However, as a result of the entry into force of the Organic Law in 1999, a new governmental structure was created in the Territory, as described below.

10. The Congress is the legislative assembly of New Caledonia. It comprises 54 members, consisting of 7 members from the Provincial Assembly of the Loyalty Islands, 15 from the Provincial Assembly of the North Province and 32 from the Provincial Assembly of the South Province. Members are elected for five years.

11. The Government is the executive power of New Caledonia and is headed by the President. It is elected by the Congress and is responsible to it. It is composed of between 5 and 11 members, the exact number to be fixed by Congress prior to the election of the Government. The Government prepares and executes the decisions of Congress, names public and administrative officers, oversees the execution of public works, manages local resources, gives its opinion regarding projects that involve the mines in the Territory and prepares the codification of the Territory's laws.

12. The provincial assemblies are responsible for all matters relating to the province that are not directly attributed to the President of the Provincial Assembly. The President of the Provincial Assembly acts as the executive of the province and, as such, is responsible for the administration of the province and the management of public employment at the provincial level. Members of the Assembly are elected for five years.

13. The Economic and Social Council advises the Government on projects and possible laws that have an economic or social character. It comprises 28 representatives of professional, labour and cultural organizations, 2 members designated by the Customary Senate and 9 personalities that are representative of the economic, social and cultural life of New Caledonia, designated by the Government on the advice of the provincial assemblies.

14. The Customary Councils are a parallel set of institutions in eight areas and are designed to accommodate the full political recognition of the Kanak identity. In addition, there is a Territory-wide Customary Senate, comprising 16 members, 2 selected by each Customary Council. The Customary Senate is represented in the Economic and Social Council, the Administrative Council, the Consultative Council on Mines and local development agencies. The Customary Senate and the Councils are to be consulted by the executive and legislative organs of New Caledonia on matters that have to do directly with the Kanak identity.

C. Recent political developments

15. Following the ratification of the Nouméa Accord by the people of the Territory and the codification of its provisions into French law, New Caledonia is no longer considered an Overseas Territory. Instead, the Government of France describes it as a community *sui generis*, which has institutions designed for it alone to which certain non-revocable powers of State will gradually be transferred. According to the administering Power, the institutions created under the Nouméa Accord continued to function properly throughout 2003, and the pro-independence parties and the pro-integration parties continued to be committed to the implementation of the Accord.

16. The principal political parties in New Caledonia continue to be the pro-integration Rassemblement, the former RPCR, which, despite the name change, is

still usually referred to as RPCR, the pro-independence FLNKS, which groups together several smaller pro-independence parties, and the moderate pro-independence Federation des comités de coordination indépendantistes (FCCI), which broke with FLNKS to support the RPCR-dominated Government.

17. On 24 September 2003, New Caledonia celebrated the one hundred and fiftieth anniversary of French rule in a festival called "150 years and beyond" The annual celebration is, however, divisive, as many Kanaks still regard it as a day of mourning, and there have been calls for the national day to be moved to 26 June to commemorate the signing of the 1988 Matignon Accord, which brought to a close a period of ethnic conflict and paved the way for negotiations on autonomy. The Government tried to make the festival more inclusive by constructing a Kanak totem pole in the main square in Nouméa but, during the event the mayor of Nouméa opposed the location and the totem pole was instead erected in Nouméa Bay.⁴

18. The last elections for Congress, the legislative body of New Caledonia, were held in May 1999. RPCR took 24 of the 56 seats, followed by FLNKS, which obtained 18 seats. The next election is scheduled for May 2004.

19. In April 2001 the members of Congress elected New Caledonia's executive Government. Pierre Frogier, a member of RPCR and the French National Assembly, was elected New Caledonia's second President. Dewé Gorodey, a Kanak university professor and a member of FLNKS, was elected Vice-President, the first woman to hold this position. The integrationists were still the majority in the new Cabinet, holding 7 out of 11 seats; RPCR held six portfolios and its ally, FCCI, held one. On the pro-independence side, FLNKS received three portfolios, and one of its parties, Union calédonienne (UC), received one. Subsequently, FLNKS lost one of its three seats after the French State Council ruled that there had been electoral irregularities, a decision that further strengthened the pro-integration RPCR/FCCI coalition.

20. Political stability in New Caledonia is further undermined by the existence of the "collegiality clause" of the Nouméa Accord, which states that if a member of the 10-member cabinet resigns and there is no replacement from his or her party, the whole Government will have to be re-elected by a vote in the Congress. The resignation of a Kanak minister, who expressed disappointment over the lack of collegiality or power-sharing in the Government, triggered such a re-election in November 2002. There is a risk that disgruntled parties could resort to the clause again in order to force a fresh election.⁴

21. Another territorial institution, the Customary Senate, considered to be the guarantor of Kanak identity, was formally constituted on 27 August 1999. The Senate, which has a rotating presidency to accommodate each of the seven customary areas, selected a new chief, Gabriel Poadae, in September 2003. Mr. Poadae has said he will focus on indigenous rights to New Caledonia's nickel resources, the teaching of indigenous languages in schools and the mapping of traditional lands.⁴

22. The last of the territorial institutions, the Economic and Social Council, was formally established on 2 February 2000. It is composed of 39 members, of whom 28 represent professional organizations, labour unions and associations that reflect the economic, social and cultural life of New Caledonia. The Council continues to be consulted by Congress on all economic and social matters.

23. Regarding French State institutions, in the French Senate elections held in September 2001, incumbent Simon Loueckhote of RPCR was elected New Caledonia's Senator for a further nine years. Regarding the French presidential elections, Jacques Chirac (Rassemblement pour la République), obtained 80.72 per cent of the New Caledonian vote and Jean-Marie Le Pen, 19.58 per cent.⁵ In the June 2002 elections for the French National Assembly, New Caledonian voters returned two members of the pro-integrationist RPCR to their seats, namely, Jacques Lafleur, who has held the seat in Paris for 24 years, and the current President, Pierre Frogier.⁶

24. Regarding the official representation of the French State in the Territory, there was a change in the post of High Commissioner. In July 2002, Daniel Constantin succeeded the outgoing High Commissioner, Thierry Lataste.⁷

25. As envisaged in the Nouméa Accord, in 1999 the new institutions began to enact laws of the country (*lois du pays*), which have the full force of law and can be contested only before the Constitutional Council. Since 1999, 24 of these laws have been adopted. According to the latest available material during the period under review, the 10 laws adopted in 2002 related, inter alia, to social security, tax regulations in the mining and metallurgy sectors, community electricity taxes and the public maritime area.

26. Also set out in the Nouméa Accord are the powers to be exercised in association between the French State and New Caledonia, namely: external relations; entry and stay of foreign nationals; law and order; gambling; audio-visual communication; research and higher education; and secondary education. A number of other services and jurisdictions are to be gradually transferred from the State to the Government of New Caledonia (see A/AC.109/2001/14, para. 21). In 2003, steps were taken to finalize the transfer of the services for labour inspection, foreign trade, primary education, mining and energy. According to the Government of France, two State bodies, the Institut de formation des personnels administratifs and the Office des postes et télécommunications, were transferred in 2003. A number of other powers are to be transferred in a second stage, from 2004 to 2009. Future transfers of jurisdictions are expected in 2004 and will involve the police and the education and trade sectors.

27. In spite of the considerable institutional and administrative advances described above, progress continues to be hindered by the friction between RPCR and FLNKS, owing to their differing interpretations of collegiality in Government matters. The debate has grown out of the absence of any precise definition of collegiality in the Organic Law of 1999, which simply states that the Government is responsible collegially and jointly for matters within its competence. The differences between positions on the concept of collegiality and other sensitive issues such as voter eligibility and mining initiatives remained throughout the review period (see A/AC.109/2002/13, para. 25). In October 2002, FLNKS members of the Cabinet refused to move from the Cabinet's downtown building into new Government premises, alleging that the new building was an "annex" to the headquarters of the RPCR-dominated South Province. The FLNKS spokesperson stated, "What we want is a Government that is located on neutral grounds. This is the only way to protect the Nouméa Accord and to pave the way for a real power-sharing."⁸ A few weeks later, broad discontent with RPCR's alleged lack of consultation in Government matters was also expressed by pro-independence UC member Gerald Cortot when he

resigned his seat, thereby triggering new elections (see paras. 19 and 20 above). President Frogier considered the resignation to be a non-event that only cast discredit and a waste of everyone's time. After the 28 November congressional vote that returned a virtually identical Cabinet to power, the President stated that power-sharing and collegiality principles were not tantamount to "a right of veto".⁹ According to the administering Power, notwithstanding some disagreement, the New Caledonian political scenario was perceived to be more calm and less bipolar during 2003. However, according to the Economist Intelligence Unit, discontent among the indigenous Kanak population over the pace of the implementation of the Nouméa Accord was expected to continue to fuel political tensions during the period under review. Additionally, there was growing concern among FLNKS about its lack of representation in the Government.⁴

28. The visit by French President Jacques Chirac, in July 2003, further increased the long-standing tensions between the pro- and anti-independence parties and an investigation into whether security forces were provoked into using tear gas during protests accompanying his visit is likely to prove divisive. The French Government, however, expressed its intention to be an impartial and engaged judge during the Nouméa process and President Chirac stressed the role of the French Government as a partner in the transfer of further jurisdictions to New Caledonia. He pledged that the Nouméa Accord would be fully implemented and respected by the State and that it would help further the development of education, environment, regional cooperation and metallurgical projects.

29. During the past few years, the political scene has also been affected by internal divisions within RPCR and FLNKS. Within the pro-integration party, the divisions surfaced in June 2001, when some party members denounced the "monolithic leadership" of its founder and President, Jacques Lafleur. Nonetheless, the leadership isolated the dissidents and Lafleur was re-elected.¹⁰ In the French National Assembly elections of July 2002, Lafleur's leadership was again contested from within the Party and he was forced to a run-off election to secure his seat. Information provided by the administering Power also points to the creation of the Union pour la majorité démocratique en Nouvelle-Calédonie in August 2002 as a move to unite those within the anti-independence camp opposed to Lafleur's policies. In late December 2002, Lafleur issued a written statement saying that he planned to retire from politics but he did not specify when. During the review period, he remained the leader of RPCR.¹¹

30. The divisions within the pro-independence camp have also been apparent since the resignation from the Government of FLNKS leader Roch Wamytam in October 2001 and the growing conflict between the various components of the party. Following a number of conferences, it was decided that, in 2002, the pro-independence leadership would be placed in the hands of an eight-member, multipartite political bureau with two representatives for each of the four main components of FLNKS (UC, Palika, Rassemblement démocratique océanien and Union des partis mélanésien). The lack of unity persisted in the municipal elections on Lifou Island in October 2002, when the pro-independence components competed on separate lists. A long-delayed FLNKS congress was due to be held in December 2003, during which its two main constituent parties, UC and Palika, hoped to resolve their disputes and draw up a common platform for the May 2004 provincial elections. FLNKS, however, which has been leaderless since 2001, is unlikely to elect a new leader until after the elections. The whole implementation process of the

Nouméa Accord could be jeopardized by this ongoing instability, and even the dissolution of the FLNKS cannot be ruled out.⁴

31. In June 2003, prior to the visit of President Chirac, the committee of the signatories of the Nouméa Accord met at Kone, New Caledonia. The delegation included the French Minister for Overseas Territories and representatives of the political parties of New Caledonia, RPCR and FLNKS. According to information provided by the administering Power, the parties affirmed in a joint declaration that the institutions created by the Nouméa Accord were working well and that the transfer of powers envisaged in the Accord was continuing. Competencies in the field of labour inspection, external trade, primary school education and mine and energy services had already been transferred to New Caledonia. The members of the committee reaffirmed their intentions to meet frequently and to follow closely the implementation of the Accord and the ongoing reforms. According to the summary of the meeting provided by the administrative Power, required reforms had been implemented in the following sectors: education, sports regulation and professional job training. The committee stated that the Government of France continued in its efforts to improve primary, secondary, and specialized education.

32. In September 2003, a visiting delegation from the French Parliament also concluded that implementation of the Nouméa Accord was proceeding well. However, the Kanak community has argued that the reforms outlined in the Accord are being implemented too slowly, especially those relating to voters' residence requirements (see para. 8 above). Meanwhile, President Chirac has promised a resolution to the question by 2007.⁴

33. Another political issue that continues to cause some tension in New Caledonia is the inter-ethnic strain between the Kanaks and the settlers from the French territory of Wallis and Futuna, confrontation between which flared up in 2001 and 2002 (see A/AC.109/2002/13, paras. 30 to 32 and A/AC.109/2003/7, para. 32). While the Wallis and Futuna Islands have a population of 15,000 inhabitants, New Caledonia is home to 20,000 Wallisian people. After a long-standing dispute over the housing of people from Wallis and Futuna on disputed land near Nouméa, the last 30 Wallisian families were moved from the area under police guard in September 2003. The decision to evacuate the Wallisians prompted claims by Didier Leroux, the leader of the Opposition Alliance Party, of ethnic cleansing. The Wallisians are expected to seek compensation from the French State.⁴

34. According to the French High Commissioner, the inter-ethnic tensions revealed the fragility of the Nouméa process, and he urged the communities concerned to work with State and local institutions towards redressing the social and economic imbalance in the Territory. After numerous meetings, in November 2002, the chiefs of the Kanak and Wallisian communities agreed to resolve their differences peacefully. In December 2002, the Minister for Overseas Territories signed a 25 million euro (€) development agreement with Wallis and Futuna, aimed at stemming the outflow of the islanders.¹² An accord signed between the two communities in December 2003, which stipulated the principle of dialogue on all decisions taken by New Caledonia could affect its inhabitants from Wallis and Futuna.¹³

D. External relations

35. The legal framework within which New Caledonia may establish external relations is governed by the Organic Law of 1999. In this regard, the participants at the January 2002 meeting of the signatories of the Nouméa Accord agreed on the importance of developing trade and other relations with the larger actors in the Pacific region (Australia and New Zealand), as well as with other island States, and of building on existing links with regional organizations. Another concern expressed was the need to establish better links with the European Union, given its political, commercial and financial importance. The signatories called for legislative steps to grant the President of New Caledonia powers to negotiate and sign international agreements, requested improved coordination between the French State (through its High Commissioner in Nouméa) and the New Caledonian Government and agreed that New Caledonian professionals should continue to receive training in diplomacy.

36. In keeping with the foregoing, New Caledonia continued to develop its contacts with its Pacific neighbours during 2003.

37. In July 2003, President Chirac met with the heads of State of the Pacific region in Papeete, Tahiti. During the meeting, the President expressed his intention to strengthen cooperation between the countries of the region, in particular the French Pacific Territories of French Polynesia and New Caledonia. President Chirac announced that the allocation to the fund for economic, social and cultural cooperation for the Pacific would be doubled to the amount of €3,352,000. A delegation from the Pacific Islands Forum is scheduled to visit New Caledonia in 2004 to evaluate progress made in the implementation of the Nouméa Accord. The last mission of the Forum to the Territory was in 2002.

38. On the multilateral front, according to the administering Power, the FRANZ Agreement on disaster preparedness and emergency assistance between France, Australia and New Zealand once again proved its efficacy by providing assistance to Fiji when it was hit by cyclone Ami in January 2003. In August 2003, a meeting of the signatories of the agreement took place in Canberra. New Caledonia has also strengthened its ties within the European Union. In September 2002, a representative of the Territory attended the first European Union Overseas Countries and Territories Forum, held in the Netherlands Antilles, to strengthen relations with the European Union and ensure that the overseas countries and territories receive all the financial and development benefits for which they are eligible.¹⁴

39. On the bilateral front, New Caledonia signed an agreement on health, education and youth exchanges with Vanuatu in 2002. The Prime Minister of Vanuatu visited New Caledonia in 2003 to discuss the result and the future of the convention of cooperation for the period 2002-2004 for which a total of €500,000 has been allocated. In April 2003, the New Zealand Ministers of Agriculture and Maritime Trade and of Tourism visited New Caledonia to discuss various issues.

40. In 2003, the New Caledonia Government decided that Japanese nationals could visit New Caledonia for 90 days without a visa. In April 2002, Japan had announced its intention to open a consulate in Nouméa.

III. Economic data and developments

A. General

41. New Caledonia, with its considerable economic assets, ranks among the more affluent Pacific nations. New Caledonians, with an average annual per capita income of 12,800 United States dollars, enjoy one of the highest incomes in the Pacific.¹⁵ However, New Caledonia also suffers from long-standing structural imbalances between the economically dominant South Province and the considerably less developed North Province and the Loyalty Islands. Therefore, in the context of the Matignon Accords of 1988 (see A/AC.109/1000, paras. 9-14) and the Nouméa Accord, much of the efforts of the Government of France and New Caledonian institutions in the past decade have been aimed at *rééquilibrage*, that is, redressing the balance in terms of infrastructure, social services and employment possibilities among the three provinces. Accordingly, 70 per cent of the State assistance to the Territory is earmarked for the North Province and the Loyalty Islands and the remaining 30 per cent for the South Province. According to the administering Power, contracts for development projects in New Caledonia for the period from 2000 to 2004 total €636 million, of which 53 per cent is financed directly by the French State. In January 2002, following the second meeting of the signatories of the Nouméa Accord, the French Government announced that its economic assistance to New Caledonia over the coming decade would be invested mainly in the nickel industry, tourism and education.¹⁶ In addition, €19 million has been reserved for investment contracts between the French State and the local government units (*communes*) in the Territory. As at the end of 2003, 19 *communes* had signed contracts with the State, focused on road works, public buildings, new schools, water supplies, sanitation and waste disposal. Credits for the period 2000-2004 reached a total of €355 million, representing an increase of 25 per cent over the period 1993-1997. In 2002, French financial transfers rose by 4.5 per cent, according to the New Zealand Ministry of Foreign Affairs and Trade.⁴

42. According to information provided by the administering Power, the French State also continued to offer fiscal incentives to encourage investment in its Overseas Territories as well as specific tax facilities aimed at strengthening New Caledonia's metallurgy and mining sectors, hotel industry, housing, transport sector and public service concessions.

43. According to the administering Power, after a sluggish 2002, New Caledonia's economy recorded uneven results in different sectors in 2003. The economy will remain heavily dependent on direct financial transfers from France, which currently amount to around 20 per cent of gross domestic product (GDP). According to the National Institute of Statistics and Economic Studies (INSEE), cruise ship arrivals rose by 36 per cent, totalling 31,283 in the first six months of 2003, although total tourist arrivals in New Caledonia were disappointing (see also para. 55 below). However, on the other hand, New Caledonia has benefited from higher global nickel prices during 2003, partly as a result of strong demand from China (see para. 45 below). Shrimp farming will be another growth industry, with producers expected to double their output in the next five years in order to meet rising demand from Japan and China. Earnings from shrimp exports totalled \$22 million in 2002, second only to those from nickel exports. Total merchandise exports rose to 57.7 billion *communauté financière du Pacifique* francs (CFPfr) in the first three quarters, from

CFPfr 45.9 billion in the same period a year earlier, representing more than a 25 per cent increase. However, imports rose by 34 per cent over the same period to CFPfr 124.5 billion.¹⁷

44. In December 2002, New Caledonia's Congress narrowly passed a \$750 million preliminary budget for 2003. Meanwhile, as reported by the media, the concept of New Caledonia shifting in the near future from the CFPfr currency to the euro is gaining momentum within the business community. The Chamber of Commerce has commissioned feasibility studies, and its Chairman has stated that the euro would facilitate trade, promote savings and attract foreign investment. On the other hand, the change is opposed by the pro-independence parties, which assert that, under the provisions of the Nouméa Accord, currency matters are to be a local competency.¹⁸ In December 2002, in her speech to the New Caledonian Congress, the Minister for Overseas Territories stated that the French Government was willing to facilitate the introduction of the euro if and when a consensus was reached on the matter in the Territory.

B. Mineral resources

45. New Caledonia's economy is dominated by the nickel industry. The Territory, which is the third largest nickel producer in the world after the Russian Federation and Canada, is estimated to have at least 25 per cent of the world's nickel reserves¹⁹ and is responsible for 6 per cent of the world's nickel output, employing some 3,500 people in mining firms of varying sizes. Although this highly dynamic sector makes up 80 to 90 per cent of New Caledonia's exports and generates numerous related economic activities, it is fragile in that it is almost entirely dependent on international demand and nickel prices. For this reason, emphasis is currently being placed on the development of local metallurgical production, which creates more wealth, rather than on mineral exports. New Caledonia has benefited from higher global nickel prices in 2003.⁴ Nickel prices rose to around \$11.8 per ton in early November 2003, compared with only \$7 per ton in 2002, partly as a result of strong demand from China. Consequently, the value of nickel exports rose 20.33 per cent in the first three quarters of 2003. Strong demand from China also pushed up the volume of iron and steel exports by almost 20 per cent, to 130.5 million kilograms, in the first three quarters of 2003; the value of these exports increased by 26.8 per cent.⁴

46. There are currently three major nickel-related projects under way in the Territory, namely, those of Société Le Nickel, Falconbridge Limited and the International Nickel Corporation (Inco) (see A/AC.109/2000/4, paras. 30-32; A/AC.109/2001/14, paras. 33-36; and A/AC.109/2002/13, paras. 36-37). While it is hoped that these projects will lead to significant economic growth, they are controversial and, especially in the case of Falconbridge and Inco, still face considerable uncertainty.

47. The first of the three projects is being developed by Société Le Nickel (the New Caledonian affiliate of the French State-owned company Eramet), which is investing from €140 to €190 million in its Doniambo smelter to boost production from 60,000 to 75,000 tons per year. According to the French Government, the renovation, which implies the upgrading of one of Doniambo's three smelters and of

another Société Le Nickel mine, at Tiebaghi, progressed during 2003 and is scheduled to begin production in 2006.⁴

48. The second project under way, a joint venture between the Kanak-controlled Société minière du Sud-Pacifique and the Canadian company Falconbridge Limited, obtained fiscal advantages from the State in 2003. The project will include the construction of a smelter in the North Province to process nickel from the Koniambo mountains. It is estimated that this smelter will produce some 60,000 tons per year, creating 800 jobs directly and 2,000 indirectly. It is also at the heart of a major project to bring wealth and employment to the underdeveloped North Province through the construction of an electric power plant, a deep-water port and a hydraulic dam. Production is not due to begin until 2008-2009, but the Northern Province Government will begin the construction of residential and commercial buildings in 2004 around the Koniambo site in order to prepare for the population increase that will occur when the mine opens.⁴

49. The third project of Inco of Canada, is to exploit mineral deposits in Goro, South Province. Inco is investing some \$1.4 billion in the construction of a nickel- and cobalt-mining plant, which is scheduled to be completed in 2005. Production capacity is expected to reach 54,000 tons of nickel and 5,400 tons of cobalt per year. As a result of this venture, it is estimated that 3,500 new jobs will be created. In September 2002, construction was suspended for several weeks following a strike by local contractors. In addition, a coalition of indigenous Kanak leaders, landowners and environmentalists organized a blockade to protest the environmental impact of the Goro project and to protest further exploitation rights recently granted to Inco in nearby Prony. The coalition called for the establishment of an independent environmental impact study and for New Caledonia to have a larger financial share of the project. In addition, it expressed concern about an announced influx of foreign workers. In December 2002, Inco announced that it was putting the Goro project on hold for at least six months while it reviewed costs and business trends owing to an unexpected surge in estimated engineering and construction costs that could add as much as \$650 million to the \$1.4 billion budgeted.²⁰ During 2003, a study on the factory's installation costs was completed and the project now looks as though it will proceed.

50. The debate over the impact that new nickel projects will have on New Caledonia's pristine maritime environment began some years ago and became more heated in January 2002 after the French Government officially filed a request with the United Nations Educational, Scientific and Cultural Organization (UNESCO) asking that New Caledonia's coral reef be included in the World Heritage List. That step, denounced by RPCR as being electorally motivated interference from Paris, was welcomed by FLNKS and environmental groups.²¹ However, in September 2002, the new French Government announced that it was withdrawing the request for UNESCO protection of the reef, stating that the measure was useless because it had no binding impact.²² The French decision met with strong protests from environmental groups and Kanak leaders. In December 2002, the Minister for Overseas Territories stated before the New Caledonian Congress that the request for UNESCO designation of the reef had been premature since the three provincial governments had yet to establish their own regulations on environmental matters. However, greater exploitation of the territory's resources will add to friction between RPCR, which has a close relationship with the mining companies, and Kanak groups. The Kanaks believe that mining rights are being sold off cheaply, that

the economic benefits are not flowing to the poorer areas of the Territory and that development will damage the local environment.

51. According to President Chirac's speech in Nouméa in July 2003, economic development should take possible environmental impact into account. President Chirac stated that New Caledonia's natural heritage was a potential that needed to be preserved for future generations and that it was necessary to find the way towards sustainable development.

52. Similar concerns were expressed in June 2003 by the committee of the signatories of the Nouméa Accord. The committee stressed the importance of finding solutions to the issue of how to protect the environment. Participants expressed the need for new expertise to formulate new rules for the future environmental charter.

C. Other economic sectors

53. Other sectors that contribute to New Caledonia's GDP are public administration, commerce, services, construction and public works, small- and medium-scale industry, agriculture and tourism. The construction sector recorded solid growth in 2003. The demand has been driven by the reconstruction work needed after the extensive damages caused by typhoon Erica in March 2003. The Government financed an emergency programme for the reconstruction of 1,000 units for a total of €41,900,000. In addition, development (*lotissements*) projects were realized in Nouméa.

54. The agriculture and fishery sectors account for only 2 per cent of GDP, but, increasingly, they occupy a central place in New Caledonian society, employing some 30 per cent of the population and making it possible to contain the rural exodus. Rural development projects are aimed at increasing the local market, thereby decreasing the need for imported food. Fisheries are underdeveloped, with commercial fishing accounting for only a third of the total catch, most of it tuna exported to Japan. However, the North Province and Loyalty Islands authorities are expanding their fishing fleets and aquaculture has expanded rapidly in the last 10 years.^{4,19}

55. Tourism is regarded as another important sector, but the improvement of airline services remains an important priority for the Territory if it is to be developed further. As mentioned above (see para. 43), cruise ship arrivals rose by 36 per cent, to 31,283, in the first six months of 2003. Although total tourist arrivals in New Caledonia were stable compared to 2002, the numbers were regarded as disappointing. Arrivals from Australia for the period dropped by 21.8 per cent, while visitors from New Zealand and Japan were also down by 9.6 per cent and 9 per cent, respectively. According to the administering Power, the poor performance reflects the downturn in the international travel industry. Heightened global uncertainty before and after the United States-led war in Iraq, together with the outbreak of severe acute respiratory syndrome (SARS) in some Asian countries, persuaded many tourists to stay at home. During the period under review, two new projects for the construction of hotels, a Ramada hotel and the Mercure at l'Anse Vata in Nouméa, have been launched. The Ramada hotel benefited from fiscal aid provided under the programme to facilitate overseas investments. The Mercure's application to obtain similar aid is currently under review.

56. Due to the departure of Corsair, Continental-Micronesia and AOM-Air Liberté airlines and Air France's planned closure of its New Caledonia operations in 2003, the Government of New Caledonia has focused in recent years on ensuring sustainable airline links to the Territory and obtaining support from the French Ministry of Transport to this end. As a result, the Territory has arranged for the tax-exempt purchase of two French-built Airbus A-330 aeroplanes in 2002 and one in 2003, for its flag carrier, Air Calédonie International (AirCalin). The first two planes went into operation in 2003 and the third will begin operation in 2004. In March 2003, AirCalin took over the Nouméa-Tokyo route run by Air France. The company will operate the route under a code-sharing agreement with Air France. The measure will increase by 20,000 the availability of seats on a yearly basis. During the period under review, Air France continued operating in and out of New Caledonia.

D. Labour

57. According to information provided by the administering Power, 9,460 persons were unemployed at the end of September 2003, an improvement of 1.6 per cent compared to 2002. The same source noted that labour disputes are frequent in New Caledonia, leading to many hours of lost productivity owing to strikes and lockouts. The situation seemed to have slightly improved through 2003. However, factories often had to interrupt production because of organized strikes by outsiders. In 2002, labour disputes occurred mainly within the mining sector, with the Syndicat des ouvriers et employés de Nouvelle-Calédonie leading strikes at the sites of Société Le Nickel and Société Minière du Sud Pacifique.

58. During its meeting in June 2003, the committee of signatories to the Nouméa Accord stated that the protection of local employment remained an important priority for the committee and proposed new legislation to regulate the employment of New Caledonians in public service. In the private sector, great emphasis would be placed on training and education. Cooperation with local unions would help to formulate proposals for the protection of local workers.

IV. Consideration of the question by the United Nations

A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

59. A representative of FLNKS participated in the Caribbean regional seminar, held in Anguilla, from 20 to 22 May 2003. The seminar was organized by the Special Committee to review constitutional developments, political, economic and social conditions in Non-Self-Governing Territories.

60. Speaking on behalf of the Kanak people (A/58/23, chap. II, annex, para. 25), the representative of FLNKS recalled that New Caledonia-Kanaky had been reinscribed in 1986 on the list of countries to be decolonized. Its land had been the recipient of massive immigration, with a tremendous boom in the 1960s and 1970s, largely owing to the mining of nickel. That boom had resulted in demographic and economic links unfavourable to the indigenous people. Support on the international scene for FLNKS in its claim to independence had come, thus far, from countries in

the Pacific region, although FLNKS was afraid that the French diplomatic offensive, in the form of aid packages to the region, might neutralize its support. The representative asked the United Nations to help satisfy the aspirations of the indigenous people, while offering lasting prospects for all New Caledonians.

61. In the report of the Caribbean Regional Seminar on Advancing the Decolonization Process in the Caribbean and Bermuda (see A/58/23, chap. II, annex), the participants noted with concern that some measures of the Nouméa Accord had still not been implemented. At the same time, they noted that FLNKS was seeking the vigilance and support of the United Nations for the Accord and its implementation in a way that would satisfy the aspirations of the indigenous people of New Caledonia. They also noted the request from a FLNKS representative that a United Nations visiting mission be dispatched to New Caledonia to assess the situation on the ground.

62. The Special Committee considered the question of New Caledonia at its 7th meeting, on 12 June 2003 (see A/AC.109/2003/SR.7). During the meeting, the representative of Papua New Guinea introduced draft resolution A/AC.109/2003/L.10. The Special Committee adopted the draft resolution without a vote (see A/AC.109/2003/23).

B. Special Political and Decolonization Committee (Fourth Committee)

63. At the 3rd meeting of the Special Political and Decolonization Committee (Fourth Committee), on 7 October 2003, the representative of Papua New Guinea made a statement and noted, inter alia, that, with the good will of all parties concerned, it should be possible to ensure that the Kanak people are able to exercise their right to self-determination (see A/C.4/58/SR.3).

64. At its 7th meeting, on 14 October 2003, the Fourth Committee adopted the draft resolution on the question of New Caledonia without a vote (see A/C.4/58/SR.7).

C. General Assembly

65. At its 72nd plenary meeting, on 9 December 2003, the General Assembly adopted resolution 58/106 on the question of New Caledonia without a vote (see A/58/PV.72).

Notes

¹ The information contained in the present report has been derived from information transmitted to the Secretariat by the Government of France on 22 January 2003 and from published sources.

² Oceania Flash, 12 April 2002.

³ CCPR/C/75/D/932/2000, para. 14.7.

⁴ The Economist Intelligence Unit, Country Report New Caledonia, December 2003.

⁵ Agence France Press, 22 April 2002, and *Le Monde*, 23 April 2002.

⁶ Oceania Flash, 17 June 2002.

⁷ Agence France Press, 31 July 2002.

⁸ Oceania Flash, 16 October 2002.

⁹ Ibid., 20 November and 29 November 2002.

¹⁰ Oceania Flash/SPC, 26 June 2001.

¹¹ Oceania Flash, 28 December 2002, *L'Humanité*, 3 January 2003.

¹² Oceania Flash, 11 November and 23 December 2002.

¹³ French Senate web site: www.senat.fr.

¹⁴ See the final declaration of the Ministerial Conference of the Overseas Countries and Territories, Bonaire, Netherlands Antilles, 18 September 2002.

¹⁵ *L'Humanité*, 3 January 2003; Virtual Information Center, 30 January 2004, www.vic-info.org.

¹⁶ Agence France Press, 22 January 2002, Economist Intelligence Unit, 21 March 2002.

¹⁷ Communauté financière du Pacifique franc (CFPfr): 1 euro=117,58 CFPfr as of 5 March 2004.

¹⁸ Oceania Flash, 23 October 2002; Economist Intelligence Unit, *NewsWire*, 18 December 2002.

¹⁹ Economist Intelligence Unit, Country Report, December 2002.

²⁰ PINA Nius, 29 December 2002.

²¹ *Le Monde* and Oceania Flash, 28 February 2002.

²² PINA Nius, 19 September 2002.